

**Report No 130**

**PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD**

**EUROPEAN UNION, CENTRAL AND EASTERN EUROPE**

**INCLUDING RUSSIA AND BALTIC STATES**

**Weekly report 25<sup>th</sup> July to 31<sup>st</sup> July 2010**

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### (About Sources)

The report is a collection of news regarding the socio- economic, political, cultural and environmental events in the Central and Eastern Europe and Russia. The data for the report is collected through the following News sources: BBC Online Monitoring News-Reuters-Associated Press News-Washington Post-NEW YORK TIMES -Bloomberg-EUROPA News-POLONIA Today Online-Centre for Russian, East European and Eurasian Studies-News Now Eastern Europe-China news-FOCUS News-Fox.news.com-International Herald Tribune-STRATFOR- Economist, Foreign Affairs-Official websites of CEE States, IMF, World Bank and EU etc.

### (About Region)

According to UN Statistics Division, the following states have been classified as the Eastern Europe. These states were once under the Soviet Union's influence and were part of the Warsaw Pact, i.e. Poland, Czech Republic, Hungary and Slovakia (Central Europe), Belarus & Ukraine(Eastern Europe), and Estonia Latvia, Lithuania (Baltic States).

### About European Union

EU is consisted upon 27 member states and governed by seven following institutions: the European Parliament, the European Council, the Council of the European Union (the Council of Heads of member states); the European Commission, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors. Most of these institutions were created with the establishment of the European Coal and Steel Community (ECSC) in the 1950s.



### Key words for headings (in the Report Summary): -

*EU-Geo-strategic front- Geo-strategic Front-Financial and Economic Front-Social Front - Cyber news-Central & Europe-Eastern Europe-Baltic States-Russia*

## **Headlines**

### **European Union**

- EU will hammer Iran with oil sanctions-July 26, 2010
- EU calls for Iran talks to resume quickly and focus on nuclear program-AP-27 July.
- China Disapproves Of EU Sanctions on Iran
- European Union Invites Sanctioned Zimbabweans to Make Individual Case for Delisting-
- EU regrets delay in adopting Bosnia's census legislation -30 July 2010,
- Cameron backs Turkey joining the EU-July 26 2010
- EU Spokesperson: South Stream Cannot Be EU Priority-July 30, 2010
- Indo-EU Free Trade Agreement by end of the year: Sharma-Calcutta News.Net-
- Euro zone economic confidence rises to two-year high in July - July 30, 2010
- Euro zone jobless rate remains flat
- Rise of the European population at 1 January 2010-Wednesday 28 July 2010
- EU turning blind eye to discrimination against Roma, say human rights-27 July
- Universal chargers for mobiles-Jul 30, 2010

### **Poland**

- The Warsaw rising, seen from Soviet archives-30.07.2010
- Political war in Poland-24.07.2010
- Poland returns to nuclear power-25 July 2010
- Poland ready to meet Maastricht criteria in 2015: PM 15:25, July 31,
- Poland to raise value-added tax-July 30, 2010
- Consumption drives economic growth in Poland-30.07.2010
- Poland's Zloty Rises to Two-Month High on Global Economic Recovery Signs-Jul 27
- Next superpower-Poland hopes to find large amounts of natural gas that will rival Texas-

- Plan to put a portrait of the president in every embassy-29.07.2010
- 3D film brings to life Warsaw's postwar devastation

### **Czech Republic**

- Czech Republic, U.S. to create joint missile defense center July 31,
- Czech Premier Says to Resist Exporter Calls for Euro-July 30, 2010,
- Czech government approves spending freeze for 2010 -Jul 28, 2010
- Czech intelligence fails to arrest Russian spy – report-27 July, 2010

### **Slovakia**

- Kuwaiti Amir receives letter from Slovak president -7/25/2010
- New Slovak govt clears way for euro zone aid fund-27 July 2010
- Stress-testing Europe's banks won't stave off a deflationary vortex-26 July
- World Bank: EU newcomers to return to growth, Slovakia leading pack -Jul 26, 2010,

### **Hungary**

- Government of Canada Announces the Historical Significance of the Refugees of the 1956 Hungarian Revolution Jul 26, 2010
- Hungary Adopts Extraordinary Bank Tax-July 27
- Hungary Says S&P, Moody's `Behind the Curve' as Government Debt Rebounds-Jul 30
- Hungary Raises More Than Target at Auction of Forint-Denominated Bonds-Jul 29
- Hungary Unveils Growth Plan
- IMF and EU step up the pressure on Hungary-28 July 2010
- Hungarian government sued over Nazi art theft-July 28, 2010

### **Eastern Europe (Belarus & Ukraine)**

#### **Belarus**

- Kremlin Needs Plan “B” to Oust Lukashenko -26 July 2010
- Belarus, Syria, Venezuela ready to improve tripartite coop – Lukashenko-26.07.2010,

- Belarus Sets Out Tax Reduction Plans-Tax-News.com, Moscow-July 27, 2010
- OSCE Minsk Group Co-Chairs issue statement
- No information war between Russia and Belarus – Vladimir Putin-25.07.2010
- President al-Assad's Visit to Belarus Gives New Momentum to Bilateral Relations-Jul 27,

### **Ukraine**

- Abkhazia protests over seizure of Ukrainian dry cargo ship by Georgia-30.07.2010
- Kiev plans gas transit network upgrades-July 30, 2010
- NATO secretary general to visit Ukraine 08:17, July 28,
- Russian PM talks business with Ukrainian President-26 July, 2010,
- Ukraine's Debt Rating Raised at S&P after IMF Backing-July 30, 2010,
- Ukrainian govt to channel 80% of IMF loan into economic modernization-29.07.2010,
- S&P raises Ukraine ratings after IMF deal-July 30, 2010,
- Putin' says Russia & Ukraine will solve economic problems-25.07.2010
- Putin pledges bright future to former spies in U.S, Reuters -July 25, 2010,
- Gas price hike to raise tension in Ukraine-July 29, 2010

### **Baltic States (Estonia, Latvia & Lithuania)**

#### **Estonia**

- Estonia gets final OK to join euro in 2011-23 July 2010
- Fitch raises Estonia rating after EU's green light-July 25
- Estonia Helping Moldova Handle Aftermath of Flooding-24 Jul 2010

#### **Latvia**

- IMF approves latest Latvia bailout payment-July 23, 2010,
- EU opens the door for \$260 million Latvian aid payout-July 24, 2010

#### **Lithuania**

- RF urges Lithuania to give up policy towards falsifying historical events of the 20th century
- Lithuania to build liquefied gas plant-July 27, 2010
- Heidelberg Klaipeda to invest in port development 10 mln litas-Jul, 26 2010
- Colchester to host U21s

## **Russia**

- Russia assumes political responsibility of aiding Armenia in case of military conflict
- Canada Intercepts Russian Bombers
- A Russian Milestone: 1st Black Elected to Office-Associated Press Writer
- Drought hammers agriculture-31 July, 2010
- Russia in \$29-billion privatization plan
- Consumer demand 'fuels faster Russian economic growth-27 July 2010
- Russia's great gas game-By Joschka Fischer, Former German vice-chancellor,
- Putin plans emergency meeting on forest fires (Roundup)-Jul 31, 2010
- Kremlin rights chief resigns
- Russia approves 65 per cent defense budget increase-30 Jul 2010
- Suspects in Russian power plant attack killed-July 26, 2010
- Russia: Sept. 2 victory over Japan day-July 26, 2010

## **REPORT SUMMARY**

### **EUROPEAN UNION**

#### **GEO-STRATEGIC FRONT**

The European Union will hit Iran with sanctions against its oil and gas industry in a bid to lure it back to negotiations over its nuclear program. EU foreign ministers will formally approve the sanctions on Monday following Iran's repeated refusals to halt sensitive nuclear activities, which the West fears are aimed at building a bomb

The Islamic republic's atomic chief Ali Akbar Salehi Iran said on Friday that Iran was ready for immediate talks with the United States, Russia and France over an exchange of nuclear fuel. He said talks on this issue with the so-called Vienna group comprising the United States, Russia and France will be held in Vienna, where the UN atomic watchdog the International Atomic Energy Agency (IAEA) is based.

Following recent talks with a delegation of Zimbabwean officials, the European Union has proposed a mechanism to allow individuals and companies under EU travel and financial sanctions to approach Brussels on an individual basis and present documentation as to why their names should be taken off the list. Like the United States, Australia and other countries, EU imposed sanctions on President Robert Mugabe and about 200 members of his inner circle over the past decade for human rights violations.

David Cameron, who has irritated the world media by delivering humiliating remarks against Pakistan while he was in India now, has decided to express his "anger" on the refusal of Turkey's membership bid by the bloc's leaders. The UK prime minister will be on his first visit to Ankara next week. In a speech he expressed his commitment to "fight" for Turkey's place at the European top table.

#### **FINANCIAL & ECONOMIC FRONT**

The Commerce Minister Anand Sharma said that the India-European Union (EU) Free Trade Agreement (FTA) was expected to be finalized by the end of this year. The Indo-EU FTA has been under negotiations for the last three years. EU is India's largest trading partner. India-EU trade last fiscal stood at \$82 billion. Sharma was speaking at a panel discussion along with British Premier David Cameron and Deputy Chairman of the Planning Commission.

Euro zone economic confidence rose to a two-year high in July despite the debt crisis, the European Commission said Thursday. The Commission said in its monthly survey that the economic sentiment indicator for the 16-nation bloc increased by 2.3 percentage points to 101.3, marking a peak since March 2008.

Euro zone unemployment was flat at 10 per cent for the fourth month running in June and inflation remained muted in July, boosting the case for the fragile economic recovery to be nursed with low interest rates.

## **SOCIAL FRONT**

According to Euro stat, the population increased, in 2009, in nineteen member states of the European Union and decreased in eight, with considerable variations between member states. The largest relative increases were observed in Luxembourg (+17.2%), Sweden (+9.1%), Slovenia (+7.2%) and Belgium (+7.1%), and the largest decreases in Lithuania (-6.2%), Latvia (-5.7%) and Bulgaria (-5.6%). On 1 January 2010, the population of the EU27 was estimated at 501.1 million, compared with 499.7 million on 1 January 2009.

Amnesty International says the EU has committed a 'serious breach of human rights' towards the Roma. The European Union was today accused of "turning a blind eye" as countries across Europe carried out a wave of expulsions and introduced new legislation targeting the Roma. Human Right Groups Criticism comes in wake of France's decision to expel illegal Roma immigrants and destroy hundreds of their encampments.

## **PART II**

### **CENTRAL EUROPE (POLAND, CZECH, SLOVAKIA & HUNGARY)**

#### **GEO-STRATEGIC FRONT**

##### **Poland**

The recently published “The Warsaw Rising seen from Moscow” by Russian author Nikolai Ivanov, is the first to be based on Soviet archives. It analyses and proves that the Red Army deliberately failed to assist the Polish home army against Nazis. It unveils several mysteries regarding the role of Soviet Union in the WWII. The Soviet strategy was based on Political ambition and the story of Nazi counteroffensives that stopped the Red Army from helping the Warsaw based Home Army in 1944, were merely Soviet propaganda.

In 1982 the Polish government started construction of the Zarnowiec Nuclear Power Plant, on Poland's north coast near Gdansk. But Solidarity and other opposition parties perceived it as a threat to Poland's coal industry. So in 1990 the government abandoned the project. Now twenty years later Poland's nuclear program is back. Now the situation is quite different because:

- The both main Political parties, Civic Platform and previously-ruling PiS (Law and Justice) Party, are quite nuclear-friendly.
- Many Poles expect that nuclear power generation will provide cheaper electricity.

- The coal industry is still very powerful but due to climate change awareness the coal is at a major disadvantage to nuclear.
- Nuclear Power Project will solve the issue of rising unemployment as it will employ over 40,000 people.

## **Czech Republic**

Czech Prime Minister Petr Necas said here Friday that the Czech Republic and the United States will build a joint missile defense center on Czech soil next year. The United States will provide 2 million U.S. dollars to build the center, which will be operated by the Czech side. As part of NATO's missile defense system, it will serve as an early warning center which collects satellite data to detect any possible missiles targeting at the NATO member states.

## **Slovakia**

Slovakia cleared the way yesterday (25 July) for the launch of a European safety net for governments that end up trapped by debt, yielding to pressure from European partners to put aside its opposition to the plan. The euro zone's poorest member had been holding up the 750-billion euro European Financial Stability Facility (EFSF) after objections to bailouts became a campaign issue in Slovakia's June election.

## **Hungary**

The Honourable Jim Prentice, Minister of the Environment and Minister responsible for Parks Canada, today announced the designation of the Refugees of the 1956 Hungarian Revolution as a national historic event. This designation reflects the importance of this event for our national history and for the way in which it helped to change Canadian immigration policies.

As expected, the Hungarian parliament has approved by a large majority the controversial bank tax proposed by the government. It has also approved the provision enabling a greater number of businesses to benefit from the lowest rate of corporation tax. Defending the new tax on credit institutions, Prime Minister Viktor Orban emphasized the need for the country's banks to contribute to the costs of overcoming the economic crisis, maintaining that it is both "fair and necessary.

## **Belarus**

Moscow is encountering strong resistance from Minsk in its campaign to advance political and economic integration in post-Soviet space. Lukashenko views Russian integrationist efforts and the end of Moscow's economic subsidies to Belarus as a direct threat to his authoritarian rule, precisely at the moment when he seeks his fourth presidential term in early 2011. It is clear that Russia would prefer a Belarus without Lukashenko, but it has done nothing to prepare the ground for a transition in Minsk that Moscow could control. There is no one

among the Belarussian opposition whom Moscow can endorse as its candidate. They are all calling for joining the European Union and are largely unknown outside Minsk or Brussels. Lukashenko is the clear favorite to win the presidential vote next year.

Belarus, Syria and Venezuela are ready to improve cooperation in the tripartite format. Lukashenko said after an expanded meeting with Syrian President Bashar al-Assad on Monday. The Belarussian president said the foreign ministers were informed to meet and prepare the tripartite meeting.

Head of the Central Office for Tax Policy and Budget Revenues of the Belarussian Finance Ministry, in a media presentation said that Profit tax, value-added tax (VAT) and social security charges were to be reduced in stages up to 2015.

## **Ukraine**

Abkhazia's Foreign Ministry has issued a protest over the seizure by Georgian naval forces of a Krainian Dry Cargo ship that called into Abkhazian territorial waters previously.

Kiev aims to raise more than \$6 billion to help modernize a Soviet-era natural gas pipeline for Europe, the Energy Ministry announced. Kiev is under pressure to update its Soviet-era gas transit networks after its reputation as a gas transit nation was tarnished following a dispute with Russian gas company Gazprom. Kiev hosts 80 percent of the Russian gas headed for European markets. Gazprom cut gas briefly in January 2009 because of contract disputes.

NATO Secretary General Anders Fogh Rasmussen has accepted the invitation to pay an official visit to Ukraine in the near future. Ukraine's President Viktor Yanukovich on July 15 signed a law confirming the country's non-bloc foreign policy, dropping a bid to join NATO but stressing the readiness to enhance constructive cooperation with the military bloc based on mutual interest.

## **FINANCIAL AND ECONOMIC FRONT**

### **Poland**

In 2015 Poland will be ready to meet the Maastricht criteria, Prime Minister Donald Tusk said on Friday. The Maastricht Criteria determine whether a country is ready to adopt the euro as its national currency. They include targets or rules for inflation, limits for budget deficits, national debt, interest rates, and exchange rates. Budget deficit must generally be below 3 percent of gross domestic product (GDP).

He unveiled his government plans to raise the value-added tax by one percentage point to 23 percent as part of efforts to tackle the country's budget deficit.

### **Czech Republic**

Czech Prime Minister Petr Necas said his government would not commit to a target date for joining the euro. His centre-right government has already approved a spending freeze of 10.2 billion koruny (536.7 million dollars) aimed at cutting the budget deficit to 5.3 per cent of gross domestic product in 2010

## **Slovakia**

Euro land's authorities are inflicting a triple shock of fiscal, monetary, and currency tightening on a broken economy. They are doing so in a region where industrial output is still 14pc below its peak, where growth barely scraped above zero over the winter "recovery", and where youth unemployment is at 40pc in Spain, 35pc in Slovakia, 29pc in Italy, and 26pc in Ireland

## **Hungary**

According to Hungary's Deputy Economy Minister, a surge in demand for Hungarian debt shows rating companies were "behind the curve" in threatening to lower the country's credit grade.

The International Monetary Fund (IMF) and the European Union (EU) have tightened the screws on Hungary following a decision by its new government to introduce a levy on banks and insurance companies, and delay the introduction of some of its planned austerity measures.

In response to the failure of the right-wing government in Budapest to comply immediately and completely with their demands, the IMF and EU have broken off discussions over the release of part of an emergency finance package totaling €20 billion agreed two years ago. This means that Hungary is deprived access to approximately €5.5 billion.

## **Ukraine**

Ukraine's credit ratings were raised by Standard & Poor's after the International Monetary Fund approved a new \$15.2 billion loan program for the country. S&P raised its long-term foreign currency ratings on Ukraine by one level to B+ from B, four steps from investment grade, and the long-term local currency rating to BB- from B+.

Russian Prime Minister Vladimir Putin said on Saturday that he was sure that Russia and Ukraine would be able to solve all economic problems in bilateral relations despite the fact that the two countries had plenty of them.

## **SOCIAL FRONT**

### **Poland**

Foreign Minister Radosław Sikorski has confirmed that he plans to put a portrait of Bronislaw Komorowski in every Polish embassy around the world once he is sworn in as president on August 6. “A new president means new traditions,”

### **Czech Republic**

A Russian agent working as councilor for a government agency in the Czech Republic was exposed, but managed to avoid arrest and leave the country, according to local media. The agent, who is named Robert R. in an editorial in Czech newspaper MF DNES, had contact with an army major. The female officer, who is dubbed “Czech Mata Hari” in the report, headed the secretariats of three generals and delivered sensitive information to the Russian agent

### **Hungary**

The family of a Jewish banker whose art collection, valued at more than £60 million, was allegedly looted by the Nazis during the Holocaust has filed a lawsuit against the Hungarian government. The heirs of Baron Mor Lipot Herzog are demanding the return of more than 40 valuable paintings and sculptures by artists including Monet and Velasquez. After it was stolen the collection came into the possession of the Hungarian government and much of it is now on display in the country’s art galleries.

### **Ukraine**

Ukraine's trade unions warned Thursday that an abrupt price hike for natural gas will stoke social unrest and uncontrolled inflation. Increasing gas prices was a key demand of the International Monetary Fund in exchange for this week's approval of a US\$15 billion loan over 2 1/2 years to help Ukraine with economic reforms.

## **PART FOUR**

### **BALTIC STATES (ESTONIA, LATVIA & LITHUANIA)**

#### **Geo-strategic front**

##### **Estonia**

Estonia will become the seventeenth member of the euro zone on 1 January 2011 after EU finance ministers gave the Baltic country the go-ahead to adopt the European Union's single currency. Following a green light by the European Commission in May; the ministers approved the move at the Economic and Financial Affairs Council on 13 July.

##### **Lithuania**

Russian Foreign Minister during his meeting with his Lithuanian counterpart on the sidelines of the informal ministerial meeting of OSCE foreign ministers in Almaty, urged

Lithuania to give up the policy towards falsifying certain aspects of historical events of the 20th century.

Lithuania's government on Wednesday approved the construction of a floating liquefied natural gas plant in the Baltic Sea in an effort to decrease its dependence on Russian energy supplies. Lithuania gets all its natural gas from Russia and has faced the unexpectedly supply cut during the last few months due to rows between Russia and Belarus.

## **Financial and economic front**

### **Estonia**

In a statement, Fitch said it was raising Estonia's long-term currency rating to A from the previous BBB+ and the local currency rating to A from A-.

### **Latvia**

The International Monetary Fund (IMF) said Thursday it would pay the latest installment of Latvia's 7.5-billion-euro (9.5-billion-dollar) international loan after hard-hitting austerity measures were judged to be working.

Meanwhile the European Union also opened the door for Latvia to receive a 200-million-euro (260 million dollars) aid. Latvia suffered the worst recession in EU history in 2008-09, and was forced to turn to the European Commission and International Monetary Fund for a 7.5-billion-euro rescue loan, which was given in return for savage austerity measures.

### **Lithuania**

Klaipeda Free Economy Zone has signed an agreement with a new investor from Scandinavia, the Heidelberg Cement Klaipeda for allocation of more than ten million litas in development of logistics terminal. Heidelberg Klaipėda is going to build that terminal of its own funds, without support of EU funds and Lithuania's budget and plans to import to Lithuania high-quality concrete via the new terminal. The terminals output is expected at 50,000-70,000 tons per year.

## **Social Front**

### **Estonia**

Estonia is sending both technical aid and two crisis experts to help Moldova come to terms with the aftermath of the major flooding that took place there in July. The aid is being financed by the Foreign Ministry and organized by the NPO.

## **PART V**

### **RUSSIA**

#### **GEO-STRATEGIC FRONT**

Russia and the European Union are geopolitical neighbors. Whether or not their relationship is in fact neighborly, rather than tense and confrontational, is of critical importance to both. Unless it modernizes its economy and society, Russia can forget its claim to status as a world power in the 21st century and will continue to fall behind both old and newly emerging powers. Moreover, Russia needs partners for its modernization, because its population and economic potential are too small for it to play an important role by itself in the emerging new world order. Russia's strategic nuclear weapons will be insufficient to ensure it a place among first-rank powers. As it is, Russia can turn only towards the West and to Europe in particular. For Europe, however, Russia's role is of critical strategic importance. Even a partial revision of the post-Soviet order in the direction of an increased Russian grip on ex-Soviet states or satellites would drastically change EU strategy and security policy

#### **FINANCIAL AND ECONOMIC FRONT**

Russia has declared a state of emergency in four more regions and called for the assistance from Army. Russia hit by the worst drought in a century making for 27 regions across central Russia seeing production hit, and economists concerned about inflation. Cracking soil and dead plants – such apocalyptic pictures can be seen in many Russian regions. The heat has burnt out more than 10 million hectares of grain-fields. The wheat harvest may fall by a quarter this year. The dairy industry is also losing a significant volume of milk because of the heat.

Russia will open its most ambitious privatization program since the 1990s to foreign investors, its economy minister said on Thursday, while the government gave its initial approval to the planned \$29-billion (U.S.) in asset sales. Thursday's government meeting gave the preliminary thumbs-up to the three-year privatization plan as part of draft budgets for 2011-2013.

#### **SOCIAL FRONT**

Russian President Dmitry Medvedev's chief human rights advisor resigned on Friday, saying she was unhappy with the atmosphere in Russia in an apparent blow to Medvedev's efforts to cast himself as a liberal.

The Russian government has approved a 65 per cent increase in the country's defence budget over the next three years as it rushes to upgrade its ageing Soviet-era military machine. Though Russia fought and won a short war against Georgia in 2008, the conflict exposed how low-tech much of Russia's military machine remained. The annual budget will rise from the equivalent of £26 billion this year to around £43 billion in 2013 with much of the money earmarked for major hardware and equipment upgrades in the army, navy and air force

## **Detailed Report**

### **European Union**

#### **Geo-strategic Front**

##### **EU will hammer Iran with oil sanctions-July 26, 2010**

The European Union will hit Iran with sanctions against its oil and gas industry in a bid to lure it back to negotiations over its nuclear program. 'This (package of sanctions) is about applying pressure, but applying pressure in order to bring the Iranians to the table to talk,' a European diplomat said. EU foreign ministers will formally approve the sanctions on Monday following Iran's repeated refusals to halt sensitive nuclear activities, which the West fears are aimed at building a bomb. Iranian President Mahmoud Ahmadinejad warned the EU against imposing unilateral sanctions, saying Tehran would react swiftly and cause 'remorse'

##### **EU calls for Iran talks to resume quickly and focus on nuclear program-AP-27 July**

ROME — the EU foreign policy chief has called for nuclear talks between Iran and major powers to resume as quickly as possible. The European Union this week adopted new sanctions against Iran, part of the international community's efforts to halt Tehran's contentious nuclear program. EU foreign policy chief Catherine Ashton said Wednesday that the sanctions are "a means to enable us to resume dialogue." Talks have been stalled since 2009.

#### **CHINA DISAPPROVES OF EU SANCTIONS ON IRAN**

TEHRAN, July 30, (Agencies): Iran said on Friday it was ready for immediate talks with the United States, Russia and France over an exchange of nuclear fuel and added that it was also against stockpiling higher enriched uranium. The comments by the Islamic republic's atomic chief Ali Akbar Salehi came as Washington decided to fan out envoys across Asia, Middle East and the United Arab Emirates asking its partners to levy tighter sanctions against Tehran.

"We are ready even in the next few days to start negotiations with the other parties" over the fuel swap, Salehi was quoted as saying by Mehr news agency. He said talks on this issue with the so-called Vienna group comprising the United States, Russia and France will be held in Vienna, where the UN atomic watchdog the International Atomic Energy Agency (IAEA) is based.

**European Union Invites Sanctioned Zimbabweans to Make Individual Case for Delisting-** President Mugabe and his ZANU-PF party have long maintained that the country's precipitous economic decline over the past decade was caused by Western sanctions, allegedly in response to fast-track land reform. Following recent talks with a delegation of Zimbabwean officials, the European Union has proposed a mechanism to allow individuals and companies under EU travel

and financial sanctions to approach Brussels on an individual basis and present documentation as to why their names should be taken off the list. Like the United States, Australia and other countries, EU member countries imposed sanctions on President Robert Mugabe and about 200 members of his inner circle over the past decade, citing human rights violations.

### **EU regrets delay in adopting Bosnia's census legislation -30 July 2010,**

(SARAJEVO) - EU envoys to Bosnia on Friday expressed "deep regret" over a parliamentary session boycott by the main Serb party which has delayed adoption of a law on the country's first postwar census. European Union ambassadors to Bosnia "deeply regret the deliberate boycott" by the Union of Independent Social Democrats (SNSD) deputies of the parliament's upper house session on Thursday which led to the census law not being voted on because of the lack of a quorum, a statement said.

### **Cameron backs Turkey joining the EU-July 26 2010**

David Cameron will express his "anger" on Tuesday at Turkey's European Union membership bid being "frustrated" by the bloc's leaders, as he heaps praise on an emerging power increasingly at odds with Britain, the US and Europe on the world stage. The UK prime minister will spare no flattery on his first visit to Ankara, as he commits to "fight" for Turkey's place at the European top table in a speech that largely glosses over differences between the two countries on Iran and Gaza

### **EU Spokesperson: South Stream Cannot Be EU Priority-July 30, 2010**

The South Stream gas pipeline project cannot possibly become a priority project for the European Union said Friday Marlene Holzner, spokesperson for EU Energy Commissioner Günther Oettinger. The request that South Stream become a EU priority was made by Bulgarian and Greek PMs Boyko Borisov and George Papandreou following an agreement made on their official meeting in Sofia Tuesday. In her statement, Holzner implied that the European Commission lacks adequate information on the legal framework of the South Stream project and does not have sufficient evidence that it will be in the best interest of member-states.

## **European Union**

### **Financial and Economic Front**

### **Indo-EU Free Trade Agreement by end of the year: Sharma-Calcutta News.Net-29th July, (IANS)**

The India-European Union (EU) Free Trade Agreement (FTA) is expected to be finalized by the end of this year, commerce minister Anand Sharma said here Thursday. 'I am very optimistic that me and the EU trade commissioner will be able to report positively in the next summit,' he said. Sharma was speaking at a panel discussion, in which British Premier David Cameron and

Deputy Chairman of the Planning Commission, Montek Singh Ahluwalia, took part. The Indo-EU FTA has been under negotiations for the last three years. EU is India's largest trading partner. India-EU trade last fiscal stood at \$82 billion.

### **Euro zone economic confidence rises to two-year high in July - July 30, 2010**

Eurozone economic confidence rose to a two-year high in July despite the debt crisis, the European Commission said Thursday. The Commission said in its monthly survey that the economic sentiment indicator for the 16-nation bloc increased by 2.3 percentage points to 101.3, marking a peak since March 2008. The results were based on surveys among consumers and different economic sectors, including industry, services, construction and retail

### **Euro zone jobless rate remains flat**

Euro zone unemployment was flat at 10 per cent for the fourth month running in June and inflation remained muted in July, boosting the case for the fragile economic recovery to be nursed with low interest rates. European Union statistics office Eurostat said inflation in the 16-nation currency area edged up to 1.7 per cent year-on-year in July from 1.4 per cent in June, in line with economists' expectations and comfortably below the European Central Bank's target of just under 2 per cent

### **European Union**

#### **Social Front**

### **Rise of the European population at 1 January 2010-Wednesday 28 July 2010**

According to Eurostat, the population increased, in 2009, in nineteen member states of the European Union and decreased in eight, with considerable variations between member states. The largest relative increases were observed in Luxembourg (+17.2%), Sweden (+9.1%), Slovenia (+7.2%) and Belgium (+7.1%), and the largest decreases in Lithuania (-6.2%), Latvia (-5.7%) and Bulgaria (-5.6%). In 2009, just over 60% of the increase in the EU27 population came from migration. In relative terms, Luxembourg (+13.2%), Sweden (+6.7%), Slovenia (+5.8%) and Italy (+5.3%) had the largest net inflows, while Ireland (-9.0%) and Lithuania (-4.6%) recorded the highest net outflows. On 1 January 2010, the population of the EU27 was estimated at 501.1 million, compared with 499.7 million on 1 January 2009. The population of the EU27 grew by 1.4 million in 2009, an annual rate of 2.7 per 1000 inhabitants, due to a natural increase of 0.5 million (+1.0%) and net migration of 0.9 million (+1.7%). In 2009, 5.4 million children were born in the EU27. The crude birth rate was 10.7 per 1000 inhabitants, slightly down compared with 2008 (10.9%). The highest birth rates were recorded in Ireland (16.8%), the United Kingdom (12.8%), France (12.7%), Cyprus (12.2%) and Sweden (12.0%), and the lowest rates in Germany (7.9%), Austria (9.1%), Portugal (9.4%) and Italy (9.5%).

### **EU turning blind eye to discrimination against Roma, say human rights-27 July**

Human Right Groups Criticism comes in wake of France's decision to expel illegal Roma immigrants and destroy hundreds of their encampments. Amnesty International says the EU has committed a 'serious breach of human rights' towards the Roma. The European Union was today accused of "turning a blind eye" as countries across Europe carried out a wave of expulsions and introduced new legislation targeting the Roma. Human rights groups criticised the EU for failing to address the real issues driving Europe's largest ethnic minority to migrate in the first place and for choosing not to upbraid countries for breaking both domestic and EU laws in their treatment of them. The criticism came after France announced it would round up and expel illegal Roma immigrants and destroy hundreds of their encampments

### **Universal chargers for mobiles-Jul 30, 2010**

BRUSSELS - NEW mobile phones sold in Europe as of next year should all work off the same universal chargers, the European Commission said on Friday. 'It is expected that consumers will be able to use the same, one-size-fits-all charger for mobile phones sold in the EU from the beginning of 2011,' spokesman Dennis Abbott said. A deal between major mobile manufacturers was agreed last year but 'excludes phones which do not support USB data exchange,' Mr Abbott warned.

### **Poland**

#### **Geo-strategic Front**

#### **The Warsaw rising, seen from Soviet archives-30.07.2010**

The recently published *The Warsaw Rising seen from Moscow* by Russian author Nikolai Ivanov, based on previously unseen archives in Moscow, shows that the Red Army failed to assist the Polish home army for political, not military, reasons. The book is the first to base its sources on Soviet archives, inaccessible for Polish or other historians outside Russia and is published on the eve of the anniversary of the start of the uprising on August 1. Jan Malicki from the Eastern Studies Center said at this week's promotion of the book held in the Warsaw Rising Museum that the work clearly analyses and proves that arguments of a supposed Nazi counteroffensive or lack in supplies that stopped the Red Army from helping the Warsaw insurgents of 1944, were merely Soviet propaganda. The archives reportedly prove that the Red Army was well-armed and supplied and was not repelling Nazi attacks as it sat on the other side of the Vistula river as German forces crushed the uprising and then destroyed Warsaw before retreating. On the contrary the book shows that the time spent by the Red Army watching the uprising from the right bank of river allowed the German troops to strengthen forces, which led to a very brutal offensive in January 1945. Nikolai Ivanov said during the book launch in Warsaw that holding back the offensive on Warsaw's right bank was absurd from a strategic point of view as it gave the Nazis the time to prepare their defence. Leaving the Warsaw Rising to itself was a cold political calculation, said Ivanov. The book, which is an analysis of the attitude of the Soviet authorities to the Warsaw Rising, was written to inform the Russian general

public understand the situation of September 1944, says the author. In Russia the drive for freedom of the Warsaw insurgents is still perceived as a senseless and doomed attack, not agreed with the Soviet authorities, with the Red Army unable to come to the rescue. The Warsaw Rising seen from Moscow, published in Poland several days before the 66th anniversary of the Warsaw Rising, will appear in Russia in 2011

### **Political war in Poland-24.07.2010**

The weekly "Polityka" discuss a war on Poland's political scene, Poland becoming Europe's leading marijuana producer. 'Growling Poland,' 'the Smolensk war over memory' – two headlines in the weeklies sum up the debate in Poland which has turned the 10 April Smolensk tragedy into a political issue. After a subdued presidential campaign, hushed by the air crash that killed Poland's president and 95 others, the opposition Law and Justice returned to a radical rhetoric, blaming the Civic Platform government for the tragedy. Newsweek says, however, that Civic Platform should be glad: the political threat posed by Kaczynski's warmer image has decreased now. The weekly believes that Law and Justice is on a good way to wasting its popularity capital gained during the presidential campaign. But it looks like putting the blame for Smolensk on Tusk is more important for Kaczynski than the fate of his party and return to power. The Law and Justice leader is regarding this as his last service to his late brother.

### **Poland returns to nuclear power-25 July 2010**

It was thirty years ago when Poland's Solidarity was born and gave the country its five minutes of fame. On 10 April 2010, a tragic airplane crash killed almost a hundred VIPs, including President Lech Kaczynski and put Poland in the spotlight once again. Lech Kaczynski organized independent trade unions in Poland and was a co-founder of Solidarity along with its famous leader Lech Walesa. In 1980-1981 almost 1, 00, 00,000 strong Solidarity Trade Union initiated the cracks in the Eastern Bloc and ultimately led to its collapse. The Solidarity movement also caused the demise of Poland's nuclear program in 1989.

In August 1980 massive strikes began in Polish shipyards that spread all over the country and led to the formation of the Independent Self-Governed Labor Union– Solidarity–that sought democratic reforms. On 13 December 1981 general Wojciech Jaruzelski imposed Martial Law and imprisoned tens of thousands of Solidarity activists. On 18 January 1982, just over a month after the imposition of Martial Law, the government decided to start construction of the Zarnowiec Nuclear Power Plant, on Poland's north coast near Gdansk. The decision was doomed to be unpopular with the Poles, just like everything that the hated Jaruzelski regime did. On the other hand the Zarnowiec Nuclear Power Plant had every chance to be a successful project. It was to be a 4 x 440 MW generating station with Russian designed VVER-440 units. These units operate successfully in power plants such as Loviisa in Finland, Dukovany in the Czech Republic, Bohunice and Mochovce in Slovakia, Paks in Hungary, Rivne in Ukraine and more.

The Zarnowiec project was carefully planned and a superb infrastructure developed in the area. The reactor vessels were manufactured in a Skoda factory in Czechoslovakia while the turbines and generators were made in Poland. Polish boiler factory Rafako built the Steam Generators. In 1986, the Atomic Energy Act was passed by the Polish Parliament (the Sejm) making it possible to begin construction and operation of nuclear power plants. After the Chernobyl disaster, the Zarnowiec Safety System design was to be enhanced with state-of-the-art Western technology.

In 1989, after the first partially-free Parliamentary election and as freedom and democracy spread, the Polish population wanted to express themselves in the same manner as their counterparts in the West. The anti-nuclear movement flourished. On the wake of Chernobyl, they started calling Zarnowiec Nuclear Power Plant “Zarnobyl” to incite public fear. Local anti-nuclear organizations such as the Franciscan Ecological Movement, and the Gdan’sk Economic Forum, organized various lectures and demonstrations in Gdansk, Gdynia and Sopot (Tricity). The nationwide “Ruch Wolnosc i Pokój” (Peace and Freedom Movement) organized roadblocks to prevent access to the Zarnowiec site and engaged in a 63-day hunger strike. Many political figures, including Solidarity leader Lech Walesa, an inhabitant of Gdansk, spoke against the Zarnowiec project. Nuclear power was perceived as a threat to Poland’s coal industry. Solidarity chapters in Polish mines frowned at the prospects of power plants that would not use their product as fuel. The government chose to support the anti-nuclear populism to divert public attention from the not-so-nice aspects of the transformation to a market economy, notably unemployment.

On 2 December 1989, Tadeusz Syryjczyk, an industry minister, halted the construction of Zarnowiec for a year while soliciting ‘more information’. On 27 May 1990 a referendum in the Gdan’sk District was organized and 86.1% voted “No” to Zarnowiec. However, the referendum was not binding because the turnout was less than 50% (44.3%). On 17 December 1990 the outgoing government ordered that the construction be abandoned and all site facilities decommissioned by 31 December 1992. In substantiation of that decision, Minister Syryjczyk stated that the Polish grid would not require power from Zarnowiec for another twenty years, nuclear power plant safety features were unclear and the station would be less viable economically than conventional coal-burning power plants. Before entering politics, Tadeusz Syryjczyk was a professor of Information Technology at the AGH Engineering University of Kraków (originally the Academy of Mining). The Zarnowiec decision was not reversed by the succeeding cabinet of Jan Krzysztof Bielecki.

### **And now twenty years later**

Twenty years later Poland’s nuclear program is back. The country of 38.6 million is a member of NATO and the European Union. Before the recession it ranked as the 24th largest economy in the world with a 2008 GDP of \$450.6 billion according to the International Monetary Fund. In 2007, Business Monitor International was forecasting Polish real GDP

growth averaging 4.95% per annum between 2007 and 2012. The country's power consumption was expected to increase from 141.7 TWh in 2007 to 176.4 TWh in 2012. While the global recession has put a downward correction on these forecasts, Poland still needs to replace nearly 50% of its aging generating capacity (that is, up to 18 GW) by the year 2025. In 2008, Poland's electricity consumption per capita was the fifth lowest in Europe (after Latvia, Lithuania, Romania and Turkey). The overall energy usage per capita in Poland does not differ drastically from other OECD countries because a large proportion of Poland's energy need comes from burning coal for heating purposes.

As the country modernizes, its electricity consumption will rise. Since 2007 Poland has been ruled by the conservative government of Donald Tusk. The coalition is composed of Civic Platform and Polish Farmers' Party (Platforma Obywatelska, PO, and Polskie Stronnictwo Ludowe, PSL). The PO party is very nuclear-friendly. The junior coalition partner PSL is less enthusiastic but not opposed to nuclear power.

On 6 December 2007 the author spoke to Bronislaw Komorowski, member of Parliament, and speaker of the house (Sejm). Komorowski belongs to the PO party, and is currently acting president of Poland. He spoke supportively about nuclear power generation: "The possible implementation of nuclear power generation in Poland would constitute an indication of economic freedom. We must have the courage to admit that a debate about electricity generation was blocked for political reasons by my beloved Solidarity. After 1989 the necessary debate was destroyed and the construction of the nuclear power plant was cancelled.

"Of course each generation and each great social movement has the right to formulate its own opinions. I was not involved in formulating policies in this particular area, but today I am convinced that the great Solidarity movement contributed to halting the debate on development of nuclear power in Poland, also in its ecological dimension. This is a fact. The more freedom we exercise, the more chances exist for implementing modern technologies. In Poland this means freedom to ask the following question: 'what is the best and the cheapest way to generate electricity in Poland, the traditional coal-fired power stations or nuclear power plants?' This is a question about freedom."

While the coal lobby is still powerful in Poland, there are no viable political forces that could impose strict anti-nuclear policies. The previously-ruling PiS (Law and Justice) Party was quite nuclear-friendly too; they wanted to invest in the Lithuanian Ignalina before embarking on a nuclear power plant in Poland. Many Poles expect that nuclear power generation will provide cheaper electricity. In today's era of climate change awareness, coal is at a major disadvantage to nuclear. Currently Poland generates over 94% of its electricity by burning coal. At the end of the Poznan' Climate Conference in late 2008, the EU agreed to a 'climate package' for Poland. Until 2020 Poland's existing power plants would be charged at reduced rates for CO2 emissions but new power plants would be subject to full charges on commissioning. By 2020, Poland will have received PLN60 billion (EUR15 billion) in European transfer payments to assist in power sector

modernization. Notwithstanding this support, the European Union confirmed its tough stand on mandatory reductions by 20% of the 2005 CO<sub>2</sub> emission levels by 2020 for all of its member states.

On 13 January 2009, the Polish Government approved a directive on implementation of the nuclear program in Poland to be led by PGE (Polska Grupa Energetyczna) with various foreign investors.

PGE employs over 40,000 people to produce some 54 TWh of electricity annually, 40% of the country's output. Its installed capacity is more than 12,000 MW. PGE is among the largest companies in central and Eastern Europe. PGE is still state-owned but has been issuing and selling minority shares on the Warsaw Stock Exchange.

In July 2009, Hanna Trojanowska, the Commissioner for Nuclear Power, revealed that Zarnowiec had the best chance to be the site of Poland's first nuclear power plant. In March 2010, it was announced that Zarnowiec II would be built at a cost of EUR10 billion by approximately 2020. The project will be handled by an international consortium established by PGE. AREVA/EDF, General Electric and Westinghouse have expressed interest in supplying their PWR technology to Poland. In academic circles there is also some interest in Canada's natural uranium-fuelled PHWR (CANDU) technology due to the flexibility of its fuel cycle (including UO<sub>2</sub>, thorium and spent PWR fuel). When Poland converts its state atomic agency (Panstwowa Agencja Atomistyki) to a fully-fledged nuclear power regulator, investors and operators will be able to seek authorization to build new power plants in accordance with Directive 2003/54/EC of the European Parliament and the European Council (chapter 6). The authorization process, rather than request for tenders, is the preferred way to introduce new generators in the EU. This could make it possible for multiple nuclear technologies to be implemented in Poland. Waldemar Pawlak, deputy prime minister and economy minister, declared that there was room for two leading nuclear technologies. He mentioned considerable incidence of PIMBY (Please in My Backyard) amongst Polish municipalities. The population of Poland is no longer naïve like it was back in 1989. Poles now realize that economic growth is essential for their well-being, and the construction of nuclear facilities offers prospects of employment. Short of any significant nuclear accidents abroad, the greatest barrier to development of nuclear power is its economics. Everything depends on how well the first nuclear power plant project goes. If it mirrors the fiasco of Olkiluoto 3 in Finland, the anti-nuclear forces in Poland may once again prevail.

#### **Author Info:**

Dariusz Witold Kulczynski, P. Eng, graduated from the electrical department (power) of Poland's Warsaw University of Technology in 1977. Since 1982 he has been working in various technical sections of nuclear generating stations in Canada.

#### **Poland**

## **Financial and Economic Front**

### **Poland ready to meet Maastricht criteria in 2015: PM 15:25, July 31,**

In 2015 Poland will be ready to meet the Maastricht criteria, Prime Minister Donald Tusk said on Friday. "Being very cautious I believe that in 2015 Poland will be ready," said Tusk, but stressing that for now he was not speaking about any concrete date of Poland's joining the euro zone. "Today Poland is meeting the Maastricht criteria to a greater extent than the majority of euro zone members," Tusk was quoted as saying by the PAP news agency. The Maastricht Criteria determine whether a country is ready to adopt the euro as its national currency. They include targets or rules for inflation, limits for budget deficits, national debt, interest rates, and exchange rates. Inflation rate should be no more than 1.5 percent above the rate for the three EU member states with the lowest inflation over the previous year. Budget deficit must generally be below 3 percent of gross domestic product (GDP).

### **Poland to raise value-added tax-July 30, 2010**

WARSAW, Poland—Poland's prime minister says his government plans to raise the value-added tax by one percentage point to 23 percent as part of efforts to tackle the country's budget deficit. Prime Minister Donald Tusk said Friday that the move would bring in up to 5.5 billion zlotys (\$1.8 billion) per year and is part of a broader plan to control government debt through 2013. Tusk says some foods would be exempted from the increase to protect the poorest Poles. Poland's budget deficit stood at 7.1 percent of gross domestic product in 2009. The country plans eventually to join the euro, whose rules require that member countries limit their deficits to a maximum 3 percent

### **Consumption drives economic growth in Poland-30.07.2010**

The second quarter of the year saw an acceleration of the economic growth in Poland to 3.9 percent year-on-year, according to a report of the Institute of Market Economy Research. Jacek Fundowicz from the Institute told Polish Radio that this growth is due to an increase in consumption. "This was the main factor contributing to the growth. Consumption rose by 2.7 percent but what is most important is that individual consumption has also risen in comparison with the same period of last year. This shows an improvement in the mind of consumers."

### **Poland's Zloty Rises to Two-Month High on Global Economic Recovery Signs-Jul 27**

The zloty appreciated as much as 0.6 percent to 4.0035 per euro, the strongest intraday level since May 18, and traded 0.5 percent higher to 4.0086 per euro as of 12:26 p.m. in Warsaw

**The next gas superpower-Poland hopes to find large amounts of natural gas that will rival Texas.**

**July 31, 2010**

Reuters-WARSAW, Poland, an unprepossessing steel frame tower in a green field in northern Poland has become a favorite stop for politicians and is fueling dreams of enormous wealth and independence. The reason is that the tower belongs to Canada's Lane Energy and is being used to drill for shale gas, an unconventional form of natural gas that could be present in enormous quantities in ancient rocks running under Poland." Everyone is keen to hear we may be a second Texas," said Jacek Jezierski, Poland's deputy environment minister and chief geologist. The prospects are certainly enticing. Poland may have as much as 1.5 trillion to 3 trillion cubic meters of shale gas — similar to Iraq's natural gas deposits. As the drilling begins, the prospects are making Poles salivate. Radoslaw Sikorski, the foreign minister, said that within 10 to 15 years, Poland may become an enormously wealthy state, another energy giant like Norway, thanks to the gas.

## **Poland**

### **Social Front**

#### **Plan to put a portrait of the president in every embassy-29.07.2010**

Foreign Minister Radosław Sikorski has confirmed that he plans to put a portrait of Bronisław Komorowski in every Polish embassy around the world once he is sworn in as president on August 6. "A new president means new traditions," Minister Sikorski told *Przegląd* magazine and confirmed the plan on TVP public television last night, saying the idea came to him during a visit to Afghanistan. "The US, Great Britain, Germany, Spain and France – all the countries that Poland likes being compared to, present the image of the head of state in public places, especially in embassies," said Sikorski

#### **3D film brings to life Warsaw's postwar devastation**

The five-minute film depicts an imaginary flight by a British aircraft over a vividly reconstructed landscape of the Polish capital in the spring of 1945. The plane slowly descends from white clouds and sweeps over a panorama of a city destroyed by the Nazis: the skeletons of bombed bridges jutting from a quiet river, the empty walls of burned-out houses, the Jewish ghetto totally flattened. It is Warsaw in the spring of 1945, just after World War II. The sea of rubble that Warsaw was reduced to during the war is vividly reconstructed in a 3D film that historians and computer graphics experts showed for the first time in Warsaw last week. The goal of the film, which must be seen with special 3D glasses, is to bring home to a young generation the scope of the wartime devastation of Poland's capital. "Young people do not understand what it means that Warsaw was in ruins; they think it was just a few collapsed houses," Jan Oldakowski, the director of the Warsaw Uprising Museum, told reporters at a screening of the film "City of Ruins." "Nor were we, at the museum, fully aware of what the city looked like," he said. The destruction was the result of bombings carried out by Nazi Germany, which invaded Poland in 1939 and occupied it for six years, killing millions of people. Most of the damage resulted from the German army's revenge for the city's 1944 uprising against its brutal rule. The uprising failed

after 63 days of an uneven struggle, but as one of Europe's most dramatic acts of resistance to Nazi rule remains an important element of Polish national identity. The heroism shown by the insurgents — among them women and teenagers — is a source of deep pride to this day. Oldakowski said it took 40 specialists two years to make the five-minute 3D aerial view sequence, a depiction of an imaginary flight of a British Liberator bomber over the city right after the war ended in Europe in May 1945.

## **Czech Republic**

### **Geo-strategic Front**

#### **Czech Republic, U.S. to create joint missile defense center 15:31, July 31,**

Czech Prime Minister Petr Necas said here Friday that the Czech Republic and the United States will build a joint missile defense center on Czech soil next year. As part of NATO's missile defense system, it will serve as an early warning center which collects satellite data to detect any possible missiles targeting at the NATO member states, Necas said. The United States will provide 2 million U.S. dollars to build the center, which will be operated by the Czech side. As the center is not a "super military base," but an administrative and technological project, the two countries would not sign an international protocol on the establishment of the center, he said.

## **Czech Republic**

### **Financial and Economics Front**

#### **Czech Premier Says to Resist Exporter Calls for Euro-July 30, 2010,**

July 30 (Bloomberg) -- Czech Prime Minister Petr Necas, in office for less than a month, said his government won't commit to a target date for joining the euro, resisting pressure from exporters whose sales are being crimped by the rising koruna

#### **Czech government approves spending freeze for 2010 -Jul 28, 2010**

Prague - Czech Prime Minister Petr Necas said Wednesday that his centre-right government approved a spending freeze of 10.2 billion koruny (536.7 million dollars) aimed at cutting the budget deficit to 5.3 per cent of gross domestic product in 2010

## **Czech Republic**

### **Social Front**

#### **Czech intelligence fails to arrest Russian spy – report-27 July, 2010**

A Russian agent working as councilor for a government agency in the Czech Republic was exposed, but managed to avoid arrest and leave the country, according to local media. The agent, who is named Robert R. in an editorial in Czech newspaper MF DNES, had contact with an army

major. The female officer, who is dubbed “Czech Mata Hari” in the report, headed the secretariats of three generals and delivered sensitive information to the Russian agent

## **Slovakia**

### **Geo-strategic Front**

#### **Kuwaiti Amir receives letter from Slovak president -7/25/2010**

KUWAIT, July 25 (KUNA) -- His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah received a letter on Wednesday from Slovak President Ivan Gasparovic, dealing with bilateral relations. The letter was delivered to Acting Minister of Amiri Diwan Affairs Sheikh Ali Jarrah Al-Sabah by Slovak Ambassador to Kuwait Dr. Ivan Lancharsh.

#### **New Slovak govt clears way for euro zone aid fund-27 July 2010**

Slovakia cleared the way yesterday (25 July) for the launch of a European safety net for governments that end up trapped by debt, yielding to pressure from European partners to put aside its opposition to the plan. The euro zone's poorest member, led by the new centre-right cabinet of Prime Minister Iveta Radičová, had been holding up the 750-billion euro European Financial Stability Facility (EFSF) after objections to bailouts became a campaign issue in Slovakia's June election.

## **Slovakia**

### **Financial Front**

#### **Stress-testing Europe's banks won't stave off a deflationary vortex-26 july**

Euro land's authorities are inflicting a triple shock of fiscal, monetary, and currency tightening on a broken economy. They are doing so in a region where industrial output is still 14pc below its peak, where growth barely scraped above zero over the winter "recovery", and where youth unemployment is at 40pc in Spain, 35pc in Slovakia, 29pc in Italy, and 26pc in Ireland

#### **World Bank: EU newcomers to return to growth, Slovakia leading pack -Jul 26, 2010,**

Brussels - European Union newcomers in Central and Eastern Europe (CEE) are set to emerge from recession in 2010, with Slovakia leading the pack amongst them, the World Bank said in a report released Friday. CEE countries were hard hit by the global economic crisis, with Latvia, Hungary and Romania needing EU-International Monetary Fund (IMF) bailouts. Poland was the happy exception, being the only EU country to have escaped from recession in 2009. The World Bank expects the region to bounce back this year with a 1.5-per-cent rise in gross domestic product (GDP) and a 3.1-per-cent bounce in 2011, after an average 3.6-per-cent fall last year.

## **Hungary**

## **Geo-strategic Front-**

### **Government of Canada Announces the Historical Significance of the Refugees of the 1956 Hungarian Revolution Jul 26, 2010**

OTTAWA, ONTARIO-The Honourable Jim Prentice, Minister of the Environment and Minister responsible for Parks Canada, today announced the designation of the Refugees of the 1956 Hungarian Revolution as a national historic event. This designation reflects the importance of this event for our national history and for the way in which it helped to change Canadian immigration policies. "The arrival of thousands of Hungarian refugees helped to shape Canada's model for the reception of refugees and helped Canadians adopt a more receptive attitude towards immigrants," said Minister Prentice. "This event of national historic significance opened doors for other refugees wanting to live in Canada."

### **Hungary Adopts Extraordinary Bank Tax-July 27**

As expected, the Hungarian parliament has approved by a large majority the controversial bank tax proposed by the government. It has also approved the provision enabling a greater number of businesses to benefit from the lowest rate of corporation tax. Defending the new tax on credit institutions, Prime Minister Viktor Orban emphasized the need for the country's banks to contribute to the costs of overcoming the economic crisis, maintaining that it is both "fair and necessary". Given that the banks had caused the global crisis, it is perfectly normal that they should assist in remedying the situation, he argued. Under the new law, banks will be liable to pay a special annual tax of 0.15% or 0.5% on their balance sum. The government is anticipating additional revenues of around HUF200bn (EUR690m) as a result of the levy. Both the IMF and the European Union recently expressed their opposition to the government's proposed tax, warning that it could serve to weaken the banks and to damage both the investment climate and economic growth. Underlining the need to implement further austerity measures, the IMF and the EU suspended negotiations with Hungary regarding the remaining instalment of aid set out in its EUR20bn agreement

## **Hungary**

### **Financial Front**

### **Hungary Says S&P, Moody's 'Behind the Curve' as Government Debt Rebounds-Jul 30**

A surge in demand for Hungarian debt shows rating companies were "behind the curve" in threatening to lower the country's credit grade, Deputy Economy Minister Zoltan Csefalvay said. Hungary sold 57.5 billion forint (\$264.5 million) of bonds yesterday, compared with the 50 billion forint planned. The forint has strengthened after dropping 1.5 percent against the euro July 23, when Standard & Poor's said it may cut Hungary to junk and Moody's Investors Service

said its grade may be lowered after the International Monetary Fund and European Union ended talks with the government without endorsing its budget plans

### **Hungary Raises More Than Target at Auction of Forint-Denominated Bonds-Jul 29**

Hungary raised more funds than planned at its first auction of debt maturing in three or more years since the breakdown of talks with international lenders, a sign the country can meet its financing needs for now. The government raised 57.5 billion forint (\$265.4 million) compared with a target of 50 billion forint, according to auction results on the debt management agency's Bloomberg page. Investors submitted bids worth 147.3 billion forint. Yields on three-year debt rose while five and 15-year bond yields dropped, compared with previous auctions

### **Hungary Unveils Growth Plan**

BUDAPEST—Hungary's financial state is stable, predictable and looks secure even without the International Monetary Fund's support, Hungarian Prime Minister Viktor Orban said Wednesday, as the government announced a plan to boost economic growth and create jobs. "Hungary's external ties are strong enough that our financing is secure without the IMF," Mr. Orban said in a speech. The weakness in the Hungarian forint and government bonds proved to be a temporary reaction to the country's break with the IMF, and the consequent warnings from rating agencies that they may downgrade the country. Both have stabilized, Mr. Orban said. "Thus it makes sense to pursue our current politics." Talks between the Hungarian government and the IMF and European Union broke down earlier this month, after Hungary refused to implement further austerity measures and modify its punitively high financial sector tax in exchange for access to the remainder of its €20 billion (\$26 billion) standby credit line.

### **IMF and EU step up the pressure on Hungary-28 July 2010**

The International Monetary Fund (IMF) and the European Union (EU) have tightened the screws on Hungary following a decision by its new government to introduce a levy on banks and insurance companies, and delay the introduction of some of its planned austerity measures. In response to the failure of the right-wing government in Budapest to comply immediately and completely with their demands, the IMF and EU have broken off discussions over the release of part of an emergency finance package totaling €20 billion agreed two years ago. This means that Hungary is deprived access to approximately €5.5 billion.

## **Hungary**

### **Social Front**

### **Hungarian government sued over Nazi art theft-July 28, 2010**

The family of a Jewish banker whose art collection, valued at more than £60 million, was allegedly looted by the Nazis during the Holocaust has filed a lawsuit against the Hungarian

government. The heirs of Baron Mor Lipot Herzog are demanding the return of more than 40 valuable paintings and sculptures by artists including Monet and Velasquez. After it was stolen the collection came into the possession of the Hungarian government and much of it is now on display in the country's art galleries. The Herzog heirs have spent 20 years asking for its return, but in 2008 a Hungarian court rejected the request and several other appeals have also made no progress

## **Eastern Europe (Belarus & Ukraine)**

### **Belarus**

#### **Geo-strategic Front**

##### **Kremlin Needs Plan "B" to Oust Lukashenko -26 July 2010**

It is hard to discern the strategy behind the Kremlin's decision to initiate a character assassination campaign against Belarussian President Alexander Lukashenko. While Moscow's wrath over Lukashenko's efforts to resist Kremlin pressure to join Russia and Kazakhstan in the customs union is understandable, a strategy that seeks to humiliate Lukashenko and weaken his regime is a road to nowhere. Moscow is encountering strong resistance from Minsk in its campaign to advance political and economic integration in post-Soviet space. Lukashenko views Russian integrationist efforts and the end of Moscow's economic subsidies to Belarus as a direct threat to his authoritarian rule, precisely at the moment when he seeks his fourth presidential term in early 2011. It is clear that Russia would prefer a Belarus without Lukashenko, but it has done nothing to prepare the ground for a transition in Minsk that Moscow could control. There is no one among the Belarussian opposition whom Moscow can endorse as its candidate. They are all calling for joining the European Union and are largely unknown outside Minsk or Brussels. A bet on Belarussian Prime Minister Sergei Sidorsky without Lukashenko's endorsement would be doomed to failure. With his popularity ratings at about 50 percent and all opposition candidates polling under 10 percent, Lukashenko is the clear favorite to win the presidential vote next year

##### **Belarus, Syria, Venezuela ready to improve tripartite coop – Lukashenko-26.07.2010,**

MINSK, July 26 (Itar-Tass) - President Alexander Lukashenko said Belarus, Syria and Venezuela are ready to improve cooperation in the tripartite format. "During my visit to Venezuela, Hugo Chavez proposed me to improve tripartite cooperation," Lukashenko said after an expanded meeting with Syrian President Bashar al-Assad on Monday. The Belarussian president said the foreign ministers were informed to meet and prepare the tripartite meeting. "The presidents of three countries will gather in Damascus in order to coordinate trends of cooperation." According to Lukashenko, such agreements exist in Belarus, Syria and Qatar. Lukashenko praised "the Syrian president's visit, which will give a serious impetus to bilateral

relations”. “Today we’ve tried to shake up our relations in order to increase trade turnover between the countries several-fold. To this end, we should sign new contracts,” he said

### **Belarus Sets Out Tax Reduction Plans-Tax-News.com, Moscow-July 27, 2010**

Profit tax, value-added tax (VAT) and social security charges are to be reduced in stages up to 2015 said Dmitry Kiyko, Head of the Central Office for Tax Policy and Budget Revenues of the Belarusian Finance Ministry, in a media presentation. According to Kiyko, the government would start in 2012 to reduce the tax burden on corporate income with a cut in the effective rate from 27% to 24%. A further cut to 20% is also being considered. It was part of a plan to simplify the tax regime and make it more stable by 2015, Kiyko said. The streamlining will also involve a move away from monthly and quarterly tax payments to annual payments

### **OSCE Minsk Group Co-Chairs issue statement-July 29, 2010**

GMTPanARMENIAN.Net -The OSCE Minsk Group Co-Chairs met with the members of the Minsk Group July 28 in Vienna, Austria.They briefed the Minsk Group on recent developments in negotiations on the peaceful settlement of the Nagorno-Karabakh conflict, including: discussions held in St. Petersburg June 17, 2010 by the presidents of the Russian Federation, Armenia, and Azerbaijan; the meeting of the Heads of Delegation of the OSCE Minsk Group Co-Chair countries with the Foreign Ministers of Azerbaijan and Armenia July 17, 2010; and the joint statements issued by the Minsk Group Co-Chair countries in Muskoka and Almaty.

### **No information war between Russia and Belarus – Vladimir Putin-25.07.2010, 02.38**

FOROS, Ukraine, July 25 (Itar-Tass) - Russian premier-minister Vladimir Putin believes that there’s no information war between Russia and Belarus. “I don’t see any information war,” Putin told Russian journalists after talks with Ukrainian President Viktor Yanukovich held in Foros, the Crimea, on July 24. “I read few periodicals and I don’t read much of the electronic press on a daily basis. But I don’t see any signs of war or any kind of military hostilities. So it’s not accidental that I am wondering about casualties,” Putin said with a smile

## **Belarus**

### **Financial Front**

### **President al-Assad's Visit to Belarus Gives New Momentum to Bilateral Relations-Jul 27,**

MINSK, (SANA)- Belarusian Minister of Economy Nikolai Snopkov said President Bashar al-Assad's visit to Belarus will give new impetus to the relations between the two countries and will bring these relations to a new typical level through achieving tangible steps for carrying out the joint projects. In a statement to SANA on Tuesday, Snopkov pointed out that Syria and Belarus work together for setting up important projects in the industrial field to meet the two countries

needs, indicating that they are moving towards the establishment of a free trade zone, pushing economic relations forward and increasing volume of trade exchange.

## **Ukraine**

### **Geo-strategic Front**

#### **Abkhazia protests over seizure of Ukrainian dry cargo ship by Georgia-30.07.2010**

SUKHUM, July 30 (Itar-Tass) – Abkhazia’s Foreign Ministry has issued a protest over the seizure by Georgian naval forces of a Ukrainian dry cargo ship that called into Abkhazian territorial waters previously. “Georgia continues the policy of Abkhazia’s economic isolation by seizing commercial ships that head for or traverse the territorial waters of the Republic of Abkhazia,” the note said. “Such actions on the part of Georgia contravene the international law of the sea and humanitarian law and are rightfully considered to be acts of aggression,” the ministry said. Abkhazia voices indignation over “the complete inactivity of international missions in Georgia, since their presence in that country does not help normalize the situation in any way and practically connives at the acts of aggression on the part of the Georgian government.”

#### **Kiev plans gas transit network upgrades-July 30, 2010**

KIEV, Ukraine, July 30 (UPI) -- Kiev aims to raise more than \$6 billion to help modernize a Soviet-era natural gas pipeline for Europe, the Energy Ministry announced. Kiev is under pressure to update its Soviet-era gas transit networks after its reputation as a gas transit nation was tarnished following a dispute with Russian gas company Gazprom. Kiev hosts 80 percent of the Russian gas headed for European markets. Gazprom cut gas briefly in January 2009 because of contract disputes.

#### **NATO secretary general to visit Ukraine 08:17, July 28,**

NATO Secretary General Anders Fogh Rasmussen has accepted the invitation to pay an official visit to Ukraine in the near future, Ukrainian Foreign Ministry Spokesman Alexander Dikusarov said Tuesday. "Both sides are working out a suitable date for the visit," he added. Ukraine's President Viktor Yanukovich on July 15 signed a law confirming the country's non-bloc foreign policy, dropping a bid to join NATO but stressing the readiness to enhance constructive cooperation with the military bloc based on mutual interest.

#### **Russian PM talks business with Ukrainian President-26 July, 2010,**

Having made a showy appearance at the international bike show in Ukraine, Russian Prime Minister Vladimir Putin then got down to business and held talks with Ukrainian President Viktor Yanukovich. The leaders discussed trade links between the two countries, as well as cooperation in the energy sector, pipeline industry development and Ukraine’s gas transmission

projects, as well as Russia's possible involvement in them."Yes, there are contradictions between our enterprises and our ministries but these are everyday problems: we find mutually acceptable solutions," Putin stated after the meeting. The Russian Prime Minister also pointed out that one of the aims of his visit was to personally congratulate Viktor Yanukovich on his birthday

## **Ukraine**

### **Financial Front**

#### **Ukraine's Debt Rating Raised at S&P After IMF Backing-July 30, 2010,**

(Bloomberg) -- Ukraine's credit ratings were raised by Standard & Poor's after the International Monetary Fund approved a new \$15.2 billion loan program for the country. S&P raised its long-term foreign currency ratings on Ukraine by one level to B+ from B, four steps from investment grade, and the long-term local currency rating to BB- from B+, the company said in a statement late yesterday. The ratings were removed from CreditWatch

#### **Ukrainian govt to channel 80% of IMF loan into economic modernization-29.07.2010,**

KIEV, July 29(Itar-Tass) – Ukrainian government will channel 80% of the loan issued by the IMF into stabilization and modernization of the economy, Prime Minister Nikolai Azarov said Thursday. He said it in an interview on the occasion of endorsement of a program of loans to Ukraine by the IMF Board of Governors. The program envisions the crediting of Ukraine in the amount of \$ 15.15 billion

#### **S&P raises Ukraine ratings after IMF deal-July 30, 2010,**

KIEV (AFP) - Standard and Poor's on Friday said it was raising its assessment of Ukraine's sovereign debt after the IMF agreed a 15 billion dollar package to help its economy emerge from the economic crisis. The ratings agency said it was raising its long-term sovereign foreign currency ratings on Ukraine by one notch to B+ from B and the long-term sovereign local currency rating to BB- from B+.

#### **Putin' says Russia & Ukraine will solve economic problems-25.07.2010**

FOROS, Ukraine, July 25 (Itar-Tass) - Russian Prime Minister Vladimir Putin said on Saturday that he was sure that Russia and Ukraine would be able to solve all economic problems in bilateral relations despite the fact that the two countries had plenty of them. "As for the current plans, they are linked to our trade turnover, we are carrying out a number of anti-dumping investigations, investigations are under way in Ukraine although we agreed not to do that. We discussed the possibility of imposing limitations on exports of Russian glass to Ukraine. Ukraine is asking our oil and gas companies to increase or not to reduce the amount of pipe products purchased in Ukraine," Putin went on to say.

## **Ukraine**

## **Social Front**

### **Putin pledges bright future to former spies in U.S, Reuters -July 25, 2010,**

Ukraine (Reuters) - Russia's Prime Minister Vladimir Putin said on Saturday he had met with Russian spies swapped in an exchange with the United States earlier this month, and promised them a bright future in Russia. "I have no doubts they will have interesting, bright lives," Putin, a former KGB agent, told reporters during a working visit to Ukraine. Ten people pleaded guilty this month to being agents for Russia while living undercover in the United States in one of the biggest spy scandals since the Cold War. They were deported to Russia, which in turn agreed to release four people imprisoned for suspected contact with Western intelligence agencies.

### **Gas price hike to raise tension in Ukraine-July 29, 2010**

KIEV, Ukraine—Ukraine's trade unions warned Thursday that an abrupt price hike for natural gas will stoke social unrest and uncontrolled inflation. Increasing gas prices was a key demand of the International Monetary Fund in exchange for this week's approval of a US\$15 billion loan over 2 1/2 years to help Ukraine with economic reforms. Anatoliy Akimochkin of Ukraine's Trade Unions Confederation pledged to sue the government over the 50 percent price hike to be imposed on households from August

## **Baltic States (Estonia, Latvia & Lithuania)**

### **Estonia**

#### **Geo-strategic Front**

### **Estonia gets final OK to join euro in 2011-23 July 2010**

Estonia will become the seventeenth member of the euro zone on 1 January 2011 after EU finance ministers gave the Baltic country the go-ahead to adopt the European Union's single currency. Following a green light by the European Commission in May; the ministers approved the move at the Economic and Financial Affairs Council on Tuesday (13 July). The Council also determined the conversion rate between the two currencies: 15.6466 Estonian crowns to one euro. Estonia, which has a population of just 1.4 million, has just less than six months to prepare for the switchover

### **Estonia**

#### **Financial Front**

### **Fitch raises Estonia rating after EU's green light-July 25**

In a statement, Fitch said it was raising Estonia's long-term currency rating to A from the previous BBB+ and the local currency rating to A from A-. On July 13, a meeting of EU finance

ministers gave formal approval for Estonia to become the 17th member of the euro zone from next January.

## **Estonia**

### **Social Front**

#### **Estonia Helping Moldova Handle Aftermath of Flooding-24 Jul 2010**

Estonia is sending both technical aid and two crisis experts to help Moldova come to terms with the aftermath of the major flooding that took place there in July. The aid is being financed by the Foreign Ministry and organized by the NPO Mondo. Foreign Minister Urmas Paet stated that the Prut River rising over its banks has caused tremendous destruction, and thousands of people have had to leave their homes as a result of the flooding. "Moldova sent us an appeal for help in liquidating the effects of the flooding. Estonia decided to answer Moldova's appeal and give the nation aid in handling the aftermath of the floods, thereby helping those who were affected by the floods return to a normal life," said Paet

## **Latvia**

### **Financial Front**

#### **IMF approves latest Latvia bailout payment-July 23, 2010,**

Riga - The International Monetary Fund (IMF) said Thursday it would pay the latest installment of Latvia's 7.5-billion-euro (9.5-billion-dollar) international loan after hard-hitting austerity measures were judged to be working. The Washington-based lender approved payment of a 105-million-euro tranche of the IMF's 1.8-billion-euro contribution to the total loan amount. 'Strong policy actions... have helped stabilize the economy, restore confidence, and limit spillovers from financial market turbulence elsewhere in Europe,' an IMF statement said. The IMF's Naoyuki Shinohara praised Latvia's efforts to reform its unbalanced economy but warned that much work remained

#### **EU opens the door for \$260 million Latvian aid payout-July 24, 2010**

The European Union's executive on Tuesday opened the door for Latvia to receive a 200-million-euro (260 million dollars) aid handout as it ruled that the Baltic state had tried hard enough to put its own house in order. Latvia suffered the worst recession in EU history in 2008-09, seeing the economy contract by 18 per cent after its credit-driven spending boom imploded. It was forced to turn to the European Commission and International Monetary Fund for a 7.5-billion-euro rescue loan, which was given in return for savage austerity measures

## **Lithuania**

### **Geo-strategic Front**

## **RF urges Lithuania to give up policy towards falsifying historical events of the 20th century**

MOSCOW, July 25 (Itar-Tass) - Russia urged Lithuania to give up the policy towards falsifying certain aspects of historical events of the 20th century, the Foreign Ministry reported. The ministry commented on Monday's talks between Russian Foreign Minister Sergei Lavrov and his Lithuanian counterpart Audronius Azubalis on the sidelines of the informal ministerial meeting of OSCE foreign ministers in Almaty

## **Lithuania to build liquefied gas plant-July 27, 2010**

VILNIUS, Lithuania—Lithuania's government on Wednesday approved the construction of a floating liquefied natural gas plant in the Baltic Sea in an effort to decrease its dependence on Russian energy supplies. This "Our main task is to create alternative and independent sources of natural gas supplies," Prime Minister Andrius Kubilius told reporters after the decision. Lithuania, which gets all its natural gas from Russia, has seen supplies unexpectedly reduced due to rows between Russia and Belarus. Last month supplies were cut 30 percent after Moscow decreased deliveries to Belarus -- through which all Lithuania's supplies travel -- over a dispute involving payment. In addition, in 2006 Russia cut crude oil deliveries via pipeline to Lithuania's refinery in Mazeikiai and has since shown no interest in renewing them

## **Lithuania**

### **Financial Front**

#### **Heidelberg Klaipeda to invest in port development 10 mln litas-Jul, 26 2010**

(Lithuania) -- Klaipeda Free Economy Zone has signed an agreement with a new investor Heidelberg Klaipeda for allocation of more than ten million litas in development of logistics terminal. The investor is global concern's Heidelberg cement subsidiary in Lithuania. This is 21st investor in LEZ of Klaipeda. Heidelbergcement Klaipėda belongs to Heidelbergcement Scandinavian unit. The company plans to import to Lithuania high-quality concrete via the new terminal. The terminal's output is expected at 50,000-70,000 tones pre year. The undertaking will secure approximately 15-20 working places for Klaipeda inhabitants, Klaipeda LEZ expects. The terminal enterprise is going to build more effective operations in Lithuania; besides, the company plans to decrease packaging and transport costs, by using completely automated packaging techniques. Heidelberg Klaipėda is going to build the terminal of its own funds, without support of EU funds and Lithuania's budget

## **Lithuania**

### **Social Front**

#### **Colchester to host U21s**

The England U21s European Championship qualifier against Lithuania will be held at Colchester United's Weston Homes Community Stadium. The England U21s European Championship qualifier against Lithuania will be held at Colchester United's Weston Homes Community Stadium. The match will complete their Group 9 qualifying fixtures and could prove vital to their hopes of reaching next summer's finals in Denmark. The match will kick-off at 4pm on Tuesday September 7, avoiding a clash with the England senior team who take on Switzerland that evening

## **Russia**

### **Geo-strategic Front**

#### **Russia assumes political responsibility of aiding Armenia in case of military conflict**

July 31, 2010 -PanARMENIAN.Net - Signing a protocol envisaging introduction of amendments to the contract on Russian military base on the territory of Armenia, Russia would undertake an obligation to aid RA in case of military conflicts, according to political expert Sergey Minasyan

#### **Canada Intercepts Russian Bombers**

Canada's Department of National Defense said its jets had intercepted two Russian bombers near Canadian airspace on Wednesday, the latest in a series of such incidents over the past few years. The two TU-95 bombers were a few hundred nautical miles east of Goose Bay in the province of Newfoundland, Defense Minister Peter MacKay said Friday in an interview on CTV television. The Russian planes didn't enter Canadian airspace and turned back without incident, said a spokesman for the North American Aerospace Defense Command

#### **A Russian Milestone: 1st Black Elected to Office-Associated Press Writer**

People in this Russian town used to stare at Jean Gregoire Sagbo because they had never seen a black man. Now they say they see in him something equally rare — an honest politician. Russian councilman Jean Gregoire Sagbo smiles in Novozavidovo, a village 100 kilometers (65 miles)... Russian councilman Jean Gregoire Sagbo smiles in Novozavidovo, a village 100 kilometers (65 miles) north of Moscow in this July 20, 2010 photo. People in this Russian town used to stare at Jean Gregoire Sagbo because they had never seen a black man. Now they say they see in him something equally rare -- an honest politician. Sagbo last month became the first black to be elected to office in Russia. In a country where racism is entrenched and often violent, Sagbo's election as one of Novozavidovo's 10 municipal councilors is a milestone. But among the town's 10,000 people, the 48-year-old from the West African country of Benin is viewed simply a Russian who cares about his hometown. He promises to revive the impoverished, garbage-strewn town where he has lived for 21 years and raised a family. His plans include reducing rampant drug addiction, cleaning up a polluted lake and delivering heating to homes.

## **Russia**

## **Financial Front**

### **Drought hammers agriculture-31 July, 2010**

Russia has declared a state of emergency in four more regions - hit by the worst drought in a century – making for 27 regions across central Russia seeing production hit, and economists concerned about inflation. Cracking soil and dead plants – such apocalyptic pictures can be seen in many Russian regions. The heat has burnt out more than 10 million hectares of grain-fields. The wheat harvest may fall by a quarter this year. Like many other farmers Andrey Danilenko is counting his losses – amounting so far to 50% of his farm's yields. "Grain production, vegetable production, in essence all crop production that's open field crop production. And primarily the dairy industry – we are losing a significant volume of milk because of the heat. But as soon as the heat is over we'll eventually bounce back. The quality won't be quite the same. The cost of the feed won't be quite the same."

### **Russia in \$29-billion privatization plan**

Russia will open its most ambitious privatization program since the 1990s to foreign investors, its economy minister said on Thursday, while the government gave its initial approval to the planned \$29-billion (U.S.) in asset sales. Thursday's government meeting gave the preliminary thumbs-up to the three-year privatization plan as part of draft budgets for 2011-2013. "We currently have an excessive state share [in the economy] and it must gradually decrease. The privatization is also a possibility for us to influence the structure of our economy," Economy Minister Elvira Nabiullina told reporters.

### **Consumer demand 'fuels faster Russian economic growth-27 July 2010**

Russian President Dmitry Medvedev wants to modernise the oil-dependent economy Russia's economic growth accelerated in the three months to June, mainly due to rising consumer demand, according to its deputy economy minister. Gross domestic product (GDP) grew by 5.4% compared with the same period a year ago, Andrei Klepach said. The government has forecast the economy to expand by 4% this year.

### **Russia's great gas game-By Joschka Fischer, Former German vice-chancellor, Special to Gulf News-July 28, 2010**

Russia and the European Union are geopolitical neighbours. Whether or not their relationship is in fact neighbourly, rather than tense and confrontational, is of critical importance to both. Unless it modernises its economy and society, Russia can forget its claim to status as a world power in the 21st century and will continue to fall behind both old and newly emerging powers. Moreover, Russia needs partners for its modernisation, because its population and economic potential are too small for it to play an important role by itself in the emerging new world order. Russia's strategic nuclear weapons will be insufficient to ensure it a place among first-rank

powers. But where can Russia turn? Towards East Asia? To the south and the Islamic world? Neither of these is a serious option. As it is, Russia can turn only towards the West, and to Europe in particular. For Europe, however, Russia's role is of critical strategic importance. Even a partial revision of the post-Soviet order in the direction of an increased Russian grip on ex-Soviet states or satellites would drastically change EU strategy and security policy

## **Russia**

### **Social Front**

#### **Putin plans emergency meeting on forest fires (Roundup)-Jul 31, 2010**

Moscow - Prime Minister Vladimir Putin has called an emergency meeting with the governors of the regions devastated by the worst forest and peat fires that Russia has seen in decades, to be held on Monday in the capital Moscow. 'The situation remains tense,' Putin noted. The broadcaster Echo of Moscow reported Saturday that officials in 14 of Russia's regions have declared a state of emergency due to the fires, which have killed some 30 people, injured hundreds and left thousands homeless. The situation on Saturday worsened in many regions of Russia, especially in the centre of Russia's European half, the Interfax news agency quoted the head of the national emergency centre, Vladimir Stepanov, as saying.

#### **Kremlin rights chief resigns**

Russian President Dmitry Medvedev's chief human rights advisor resigned on Friday, saying she was unhappy with the atmosphere in Russia in an apparent blow to Medvedev's efforts to cast himself as a liberal. Veteran rights activist Ella Pamfilova told Reuters her resignation was "connected to the general atmosphere in Russia today," but declined to elaborate further

#### **Russia approves 65 per cent defence budget increase-30 Jul 2010**

The Russian government has approved a 65 per cent increase in the country's defence budget over the next three years as it rushes to upgrade its ageing Soviet-era military machine. Though Russia fought and won a short war against Georgia in 2008, the conflict exposed how low-tech much of Russia's military machine remained. Photo: GETTY The annual budget will rise from the equivalent of £26 billion this year to around £43 billion in 2013 with much of the money earmarked for major hardware and equipment upgrades in the army, navy and air force

#### **Suspects in Russian power plant attack killed-July 26, 2010**

Two identified militants allegedly involved in Wednesday's terrorist attack on a hydroelectric station in Russia's North Caucasus republic of Kabardino-Balkaria have been killed in a special operation on Sunday. According to the republic's Interior Ministry, the operation was conducted at about 04:00 p.m. local time (1200 GMT) in the Dugulubgei village of Baksan district in the Baksan town where the power plant was located.

#### **Russia: Sept. 2 victory over Japan day-July 26, 2010**

MOSCOW (Kyodo) Russian President Dmitry Medvedev has signed into law a bill designating Sept. 2 as the anniversary of the end of World War II, effectively stipulating it as a day to commemorate the Soviet Union's victory over Japan, the presidential executive office said Sunday. The Russian move to designate a victory over Japan day could be seen as an attempt by the country to justify its effective control of four islands off Hokkaido seized by Soviet forces near the end of the war. Japan has demanded the return of the territories. Russia celebrates the Soviet victory over Nazi Germany on May 9 each year with a large-scale military parade in Moscow's Red Square. The law establishes a new commemoration day in Russia